



STEVE COOLEY
LOS ANGELES COUNTY DISTRICT ATTORNEY

18000 CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER
210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

December 18, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 3rd YEAR GRANT FUNDS
FROM THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE (SCDI)
FOR THE DISABILITY AND HEALTHCARE INSURANCE FRAUD (DHIF) PROGRAM
FOR FISCAL YEAR (FY) 2007-08
(ALL DISTRICTS) (4 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the enclosed Resolution authorizing the District Attorney to accept grant funds for the DHIF Program from SCDI. Funds in the amount of \$723,000 have been awarded for the period of July 1, 2007 to June 30, 2008. There is no required County match for this grant.
2. Authorize the District Attorney to execute the Grant Award Agreement (GAA) on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the GAA that do not increase the net County cost of the agreement.
4. Approve the attached budget adjustment in the amount of \$204,000 to allocate spending authority as follows: \$146,000 to services and supplies and \$58,000 to fixed assets. The \$204,000 is the difference between the grant funding and the amount budgeted for FY 2007-08.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On July 13, 2007 the District Attorney's Office (DA) submitted an application to the SCDI to continue funding for the DHIF Program in FY 2007-08. The DA was awarded \$723,000 for the period of July 1, 2007 to June 30, 2008.

The objective of the DA's DHIF Program is to identify, investigate and prosecute individuals and organized crime rings that fraudulently collect millions of dollars by billing for services not rendered, billing for more expensive services or procedures than actually provided (upcoding), performing medically unnecessary services, and misrepresenting non-covered treatments as medically necessary covered treatments for purposes of obtaining insurance payments.

In FY 2006-07, 67 new case investigations were initiated, 9 new cases were filed, and 8 defendants were convicted of felonies.

Board approval is required to accept grant funds and the SCDI requires an approved resolution as part of the GAA. The enclosed resolution has been approved as to form by County Counsel and adoption of the resolution will satisfy County and State requirements.

Implementation of Strategic Plan Goals

Acceptance of the grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility, by securing available revenue to offset program costs. This program directly supports the District Attorney's core mission of prevention, deterrence and prosecution of felony crime throughout the County.

FISCAL IMPACT/FINANCING

The amount of \$723,000 has been awarded to the DA for the DHIF Program covering the period of July 1, 2007 to June 30, 2008. In addition, \$130,186 in carryover funding has been approved by SCDI, for total program funding of \$853,186. The estimated program cost is \$1,148,000 for FY 2007-08. The difference of \$295,000 will be absorbed by the department.

The attached budget adjustment in the amount of \$204,000 is the difference between the total program funding and the amount included in the 2007-08 department budget for the DHIF Program. Spending authority is needed to increase services and supplies by \$146,000 and fixed assets by \$58,000 to successfully implement the program in 2007-08.

If funding for this program were terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the provisions of Section 1872.83 of the California Insurance Code, the State Department of Insurance is authorized to award and distribute funds to district attorneys submitting plans approved by the Fraud Division for the increased investigation and prosecution of fraudulent disability and healthcare claims. The District Attorney's Office has been awarded funding for this Program for the last 2 years.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This program does not propose attorney staff augmentation. Therefore, the District Attorney's Office is not subject to the Board Motion of December 15, 1998, requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

CONCLUSION

Following Board approval, the Executive Officer-Clerk of the Board is requested to call Ms. Emily Aidells at (213) 202-7674 when one copy of the adopted Board Letter and two (2) copies of the executed Resolution, containing original signatures, are available for pick-up. Any questions may be directed to Ms. Aidells.

Respectfully submitted,



STEVE COOLEY
District Attorney

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Attachments

c: Chief Executive Officer
County Counsel

1 **BOARD OF SUPERVISORS**
2 **COUNTY OF LOS ANGELES**
3 **RESOLUTION**

4 Authorization to Accept a Grant Award from the
5 State of California, Department of Insurance
6 Pursuant to California Insurance Code
7 Chapter 12, commencing with Section 1871, et seq.

8 **WHEREAS**, the provisions of Section 1872.85 of the California
9 Insurance Code authorize the State Department of Insurance to award and
10 distribute certain funds to district attorneys submitting plans approved by the
11 Fraud Division for the increased investigation and prosecution of fraudulent
12 disability and healthcare insurance claims; and the District Attorney is charged
13 with providing prosecution of all felony offenses committed within this County;
14 and

15 **WHEREAS**, the Board of Supervisors of Los Angeles County recognizes
16 that fraudulent healthcare and disability insurance claims are costing our citizens
17 millions of dollars annually, as reflected in higher insurance premiums and increased
18 costs for medical services and equipment; and

19 **WHEREAS**, the County of Los Angeles, acting through its Board of
20 Supervisors, desires to combat disability and healthcare insurance fraud by
21 undertaking a certain project designated the "Disability and Healthcare Insurance
22 Fraud Program" by the District Attorney, to be funded pursuant to the Insurance
23 Fraud Prevention Act as provided in California Insurance Code 1872.85 and
24 administered by the California Department of Insurance; and

25 **WHEREAS**, the State of California Department of Insurance approved
26 the fraud reduction plan submitted by the Los Angeles County District Attorney's Office
for Fiscal Year 2007-2008, for the Disability and Healthcare Insurance Fraud Program.

1 **NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of
2 the County of Los Angeles hereby authorizes and approves acceptance of grant funds
3 from the State of California, Department of Insurance, to be used exclusively for the
4 program designated the "Disability and Healthcare Insurance Fraud Program" for the
5 period covering July 1, 2007 to June 30, 2008;

6 **BE IT FURTHER RESOLVED** that the County of Los Angeles
7 hereby authorizes the District Attorney to serve as Project Director and to perform
8 all further tasks necessary for the completion of the project, including any
9 extensions, execution and submission of amendments, progress reports, and
10 payment requests relating to the Grant Award Agreement;

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1 I DO HEREBY CERTIFY that at a regular meeting of the Board of
2 Supervisors of the County of Los Angeles, on this 18 day of
3 December, 2007, the forgoing Resolution was adopted.

4 IN WITNESS WHEREOF, I have hereunto set my hand and affixed
5 the seal of the Board of Supervisors of the County of Los Angeles this 18
6 day of December, 2007.

8 County of Los Angeles

9
10 By George B. Bente
11 Chair, Board of Supervisors

12 SACHI A. HAMAI,
13 Executive Officer-Clerk of the
14 Board of Supervisors of the
15 County of Los Angeles

16 By [Signature]
Deputy



17 APPROVED AS TO FORM
18 BY COUNTY COUNSEL:

19 RAYMOND G. FORTNER, JR.

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21 By [Signature]
22 Deputy
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2 **COUNTY OF LOS ANGELES**

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Los Angeles County Chief Administrative Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description: Disability and Healthcare Insurance Fraud Program

The objective of this program is to enhance the criminal investigation and prosecution of fraudulent disability and healthcare insurance claims in Los Angeles County. These grant funds will allow the District Attorney's Office to successfully implement this program and reduce disability and healthcare insurance fraud through collaborative efforts with the State of California, Department of Insurance (SCDI) and local law enforcement agencies.

Funding Agency
California Department of
Insurance

Program (Fed. Grant # /State Bill or Code #)
California Insurance Code Section
1872.85

Grant Acceptance Deadline

Total Amount of Grant Funding: \$723,000

County Match: \$0

Grant Period: FY2007-2008 **Begin Date:** July 1, 2007

End Date: June 30, 2008

Number of Personnel Hired Under This Grant: 14

Full Time: 6 **Part Time:** 8

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

b). Identify other revenue sources Yes ☐ No ☒
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature _____

S.L. C...

Date _____

12/03/07

64 of DEC 18 2007

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT
 DEPARTMENT OF District Attorney's Office

DEPT'S. 370
No.

December 18, 2007

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2007-2008 ✓

4 - VOTES ✓

SOURCES

District Attorney
 A01 - DA- ~~9088~~ 8831-14030
 State - Other \$204,000
 Increase Revenue

USES

District Attorney
 A01 - DA 2000 - 14030
 Supplies and Services \$146,000
 Increase Appropriation

District Attorney
 A01 - DA - 6030 - 14030
 Fixed Assets \$58,000
 Increase Appropriation

JUSTIFICATION

This Budget Adjustment allocates unbudgeted revenue from the State of California, Department of Insurance for the Disability and Healthcare Insurance Fraud Program to the District Attorney's Office Appropriations.

✓ *Norbert Ruiz*
 Norbert Ruiz, Chief
 Budget and Fiscal Services

CHIEF ADMINISTRATIVE OFFICER'S REPORT

ADOPTED
 BOARD OF SUPERVISORS
 COUNTY OF LOS ANGELES

64

DEC 18 2007

Sachi A. Hamai
 SACHI A. HAMAI
 EXECUTIVE OFFICER

REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER FOR—

ACTION

RECOMMENDATION

APPROVED AS REQUESTED ✓

AS REVISED

*December 4**2007**Jaqueline White*

CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):
BOARD OF SUPERVISORS

19

AUDITOR-CONTROLLER BY

BY

*Conroy**Dec. 4**2007*

BY

DEPUTY COUNTY CLERK

#64

065

DEC 18 2007

SEND 5 COPIES TO THE AUDITOR-CONTROLLER

Los Angeles County Chief Administrative Office
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(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature _____

S.L.C.

Date 12/03/07

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENTDEPT'S. 370
No.

DEPARTMENT OF District Attorney's Office

December 18, 2007

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2007-2008

4 - VOTES

SOURCES

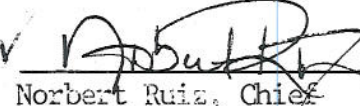
District Attorney
A01 - DA- ~~9088~~ 8831-14030
State - Other \$204,000
Increase Revenue

USES

District Attorney
A01 - DA 2000 - 14030
Supplies and Services \$146,000
Increase AppropriationDistrict Attorney
A01 - DA - 6030 - 14030
Fixed Assets \$58,000
Increase Appropriation

JUSTIFICATION

This Budget Adjustment allocates unbudgeted revenue from the State of California, Department of Insurance for the Disability and Healthcare Insurance Fraud Program to the District Attorney's Office Appropriations.

✓ Norbert Ruiz, Chief
Budget and Fiscal Services

CHIEF ADMINISTRATIVE OFFICER'S REPORT


REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER FOR—

ACTION

RECOMMENDATION

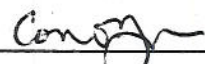
APPROVED AS REQUESTED

AS REVISED

December 4, 2007 
CHIEF ADMINISTRATIVE OFFICER

AUDITOR-CONTROLLER

BY



No. 065

Dec. 4

2007

APPROVED (AS REVISED):
BOARD OF SUPERVISORS

19

BY

DEPUTY COUNTY CLERK